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THE FEDERAL GOVERNMENT IN THE NORTH

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The Federal Government in the North

Historical Background

The early history of government of the northern territories is one with that of the Prairie Provinces. Canada acquired Rupert's Land and the Northwestern Territory shortly after Confederation. First provision for the administration of the area was made in the Temporary Government Act of 1869. This Act applied not only to most of what we now know as the Yukon and Northwest Territories but to an area including as well the present provinces of Manitoba, Saskatchewan and Alberta and northern parts of the provinces of Ontario and Quebec.

The era 1869-1912 was one of the western expansion, population growth, birth of new provinces and the extension of provincial boundaries. Progressively, following periods of rapid growth of population and economic activity in their respective areas, the provinces of Manitoba (1870), Saskatchewan (1905) and Alberta (1905) appeared. The influx of miners to the Klondike gold fields led to the establishment of the Yukon as a separate Territory in 1898 and the extent of the remaining Northwest Territories was further reduced in 1912, when major parts of its area were added to Manitoba, Ontario and Quebec.

10391

Constitutional Development in the Yukon Territory

Under the terms of the Yukon Territory Act of 1898, the first Government of the Territory consisted of a Commissioner and a Council of not more than six members appointed by the Governor in Council to aid the Commissioner in the administration of the Territory. The Council included the judges of the Territorial Court of whom one or more was appointed by the Governor-in-Council. The Commissioner in Council was given legislative powers similar to those held by the Lieutenant-Governor and the Legislative Assembly of the Northwest Territories. In 1899, the Act was amended to increase the membership of the Council to eight by the addition of two elected members who were to hold office for two years. In 1902, provision was made for three more elected members, bringing the membership up to a total of 11.

A fully-elected Council of ten members was introduced in 1908, and the Commissioner was prohibited from sitting on Council. By 1910, however, the Klondike gold rush was past its peak and, hastened by the First World War, population began to decline. In 1918, therefore, the Governor in Council was given authority by an amendment to the Yukon Act to abolish the elected Council and to substitute an appointed Council of two or more members. There were second thoughts about the exercise of these powers, however, and particularly those which dealt with the abolition of the elected Council, and in 1919 the Yukon

Act was amended again to provide for a membership of three members on the Council, with the principle of election being retained. From 1919 until the end of World War II, the Territorial Government of the Yukon remained virtually unchanged. Increased population and rising prosperity made it reasonable in 1951 to increase the size of the Council to five elected members. Between 1908 and 1960 there developed a strong tradition of separate legislative and executive powers similar in many respects to the American system of government. In the absence of any formal machinery whereby the executive and legislature could work together, frequent misunderstandings and sometimes deadlock occurred between the two branches of government. Beginning in 1960, there was some improvement when the Commissioner was allowed to sit with Council, and the Financial Advisory Committee, consisting of three members of the Council, was permitted to review territorial estimates before their presentation to the Council as a whole. Its purpose was to make available to the Territorial Government the advice of members of the Council and to enable the members to become more closely acquainted with the day-to-day activities of the Administration.

In 1965, further changes were made. A Budget Programming Committee was set up which included the three members of the Financial Advisory Committee and three members of the Territorial Administration. Under this arrangement,

the Budget Programming Committee works out the estimates for each Department with the appropriate Department Heads. Previously, the Financial Advisory Committee had only seen these estimates after they had been prepared by the Department Heads and approved by the Commissioner. Now the estimates are processed through the Committee before being approved by the Commissioner and the elected members are involved in the actual preparation of the estimates.

Constitutional Development in the Northwest Territories

Constitutional development in the Northwest Territories has taken a somewhat different form from that in the Yukon. When Saskatchewan and Alberta became provinces, government of the residual Northwest Territories reverted to the form that existed prior to 1870, where an appointed Commissioner had control over all phases of government. Elected representation completely disappeared. Legislation in 1905 provided for a Council of four appointed members, but no appointments were made for 16 years. A Commissioner was appointed with all the powers previously enjoyed by the Lieutenant-Governor, the Executive and the Legislative Assembly of the Northwest Territories. In 1921, the Council provided by the Act of 1905 was finally appointed, with two additional members, to give a total of six councillors. From 1922 to 1930 only 11 ordinances (laws) were passed and in some years the Council did not meet at all.

Until 1946, it was composed entirely of senior Federal officials. As in the Yukon, the post-war years brought increased prosperity and a population growth that, while still very modest, was rapid in comparison with the previous period. This brought, in turn, increased demands for greater representation in government. In 1946, the first territorial resident was appointed to Council. In 1951, three elected members were added for the Mackenzie District and a fourth in 1954. After 1960, the practice of appointing federal officials to the Council ceased and members of the public were appointed instead, generally from outside the Territories. Three elected members for the Eastern Arctic were added in 1966, and in 1967 a territorial resident was appointed to the full-time post of Deputy Commissioner.

The office of the Commissioner has had a varied history. From 1905 to 1918, the Commissioner of the Royal Northwest Mounted Police was also Commissioner of the Northwest Territories. From 1918 to 1963, the Deputy Minister of the Department of the Interior and its successors held the appointment. The first full time Commissioner was appointed in 1963.

Current Features

Currently, the framework of government for both Territories is essentially the same. Under the Northwest Territories Act and the Yukon Act, the executive authority is placed in the Commissioner, who is appointed by and responsible to the Federal Government, and who must administer the government of his respective Territory according to the instructions received from time to time from the Minister of Indian Affairs and Northern Development or the Governor in Council. Apart from such instructions, and covering broad areas of activity, the Commissioner is responsible to the wishes of a Legislative Council. He cannot spend any territorial funds which have not been approved by Council; normally, the Commissioner obtains prior federal approval of proposed legislative and budgetary measures before submitting them to Council. All major policy decisions are taken by the Commissioner on the advice of the Territorial Council, and there is a growing body of territorial ordinances which require the Commissioner to obtain the Territorial Council's approval for specific actions. With the principal exception of natural resources, and subject to certain controls to protect the Federal Government's interests, the territorial governments play an active role in most fields of endeavour for which the Canadian provinces are responsible.

In the absence of municipal institutions throughout much of the territories, the territorial government also undertakes many functions which in the provinces are normally the concern of local school boards and councils. Both territories have a municipal ordinance, however, which is one of the major pieces of territorial legislation, and efforts are being devoted to encouraging the growth of municipal government.

The Legislative Council of the Yukon is wholly elected and consists of seven members elected for a term of three years. In the Northwest Territories, the Council consists of seven elected and five appointed members, both elected and appointed members having a term of three years. All residents of both Territories can vote in Territorial and Federal elections although it is only since 1966, when three new electoral districts were incorporated for this purpose, that the franchise was extended to the Eastern Arctic, where 75% of the population is Eskimo.

The Yukon has had its own public service, working under the direction of a full time Commissioner residing in Whitehorse, since the turn of the century. There now exists in the Yukon, therefore, a competent territorial public service with many years of experience in the administration of government functions. The Yukon Territorial Consolidated Revenue Fund is efficiently administered and

with a considerable degree of independence. The present Commissioner and his predecessor were already long-time residents before becoming Commissioner.

The Government of the Northwest Territories up until 1967 was largely dependent upon the Federal Government for staff to operate its public services. In 1967, however, following the designation of Yellowknife as the seat of government in the Territories and the move of the Commissioner and his staff to that location, the operational responsibility for services was transferred over a 2½ year period to the Government of the Northwest Territories. The Public Service in the Northwest Territories is now, therefore, fully operational and with two years of Territories-wide experience under its belt, completely independent of federal assistance.

Management of the natural resources (except game) in both Territories continues to be a responsibility of the Federal Government. This responsibility is administered through Regional Directors of Resources in each Territory, and the appropriate resource management staffs. Since federal and territorial responsibilities are very closely related e.g. environmental protection and game management, very close co-ordination between the public services of the two levels of government is required.

Key Factors

1. Sheer Size of the Territories

Yukon: 207,000 sq. miles
N.W.T.: 1,300,000 sq. miles
Total: 1½ million sq. miles
or 40% of the second largest
country in the world.

2. Tiny Population Largely Concentrated

| | | |
|--------|---------------|---------------------------|
| Yukon: | 17,500 | (0.08% of Canadian total) |
| N.W.T. | <u>36,000</u> | (0.17% of Canadian total) |
| Total | 53,500 | (0.25% of Canadian total) |

| <u>Yukon</u> | | <u>N.W.T.</u> | |
|--------------|--------|---------------|-------|
| Whitehorse | 11,084 | Yellowknife | 5,867 |
| Faro | 850 | Inuvik | 2,672 |
| Dawson | 745 | Hay River | 2,420 |
| Watson Lake | 553 | Fort Smith | 2,372 |
| Mayo | 381 | Frobisher Bay | 2,000 |

3. Large Native Population

| | <u>Yukon</u> | <u>N.W.T.</u> |
|---------------------|---------------|---------------|
| Indians | 2,500 | 6,400 |
| Eskimos | | 11,000 |
| Other (incl. métis) | <u>14,500</u> | <u>18,600</u> |
| | 17,500 | 36,000 |

4. Resource Potential

Mines

Current [1971] mineral production of the Yukon is \$80 million and of the N.W.T., \$98 million.

Favourable geology for hardrock minerals exists over a large part of the Yukon and Northwest Territories. In other parts of North America these same geological sub-divisions have produced many of the large base metal mines.

There is an estimated 137 million tons of reserves having a value of \$3.6 billion in operating mines in the Territories and in known but as yet undeveloped mineral deposits there are 4 billion tons valued at \$25 billion.

Oil and Gas

Present production is negligible and reserves from recent major strikes are only currently being developed.

Potential reserves based on comparisons with other sedimentary basins in the world where development is further advanced are as follows:

| | | | |
|-----|---|-----------------------|-----------------------------------|
| Oil | : | 58.45 billion barrels | (50% of Canada's total potential) |
| Gas | : | 350 trillion cu.ft. | (50% of Canada's total potential) |

Water

50% of Canada's total fresh water resources.

| | | | |
|--------------------------|---|--------|-----------------|
| Hydro-electric potential | - | Yukon | 3,500 megawatts |
| | | N.W.T. | <u>6,500</u> " |
| | | | 10,000 " |

Forestry

| | | | |
|--------------------|--------|-----------|----------------|
| Estimated reserves | Yukon | 9 | billion cu.ft. |
| | N.W.T. | <u>14</u> | " " |
| | Total | 23 | billion cu.ft |

Not terribly significant in terms of the whole of Canada, but still represents a potential product value of 80 million dollars annually.

Agriculture

Negligible

5. Transportation

Railroads - 110 miles Whitehorse - Skagway
435 miles Pine Point - Grimshaw

Waterways - Mackenzie River system - approximately
400,000 tons annually
- Eastern Arctic sea lift

Airlines - PWA - Edmonton - Yellowknife - Inuvik - Resolute
CPA - Watson Lake - Whitehorse - Dawson
Nordair - Montreal - Frobisher Bay - Resolute
Transair - Churchill - Chesterfield Inlet -
Hall Beach

Plus other non-scheduled, unit toll and charter services.

Most communities now equipped with some kind of airstrip

Roads - Approximately 2200 miles

Yukon-Alaska Highway - Campbell Highway -

Dawson Highway - Mayo Highway - Haines cut-off.

N.W.T. - Mackenzie Highway - Hay River Highway -

Yellowknife Highway - Fort Smith Highway -

Liard Highway.

No road system east of Great Slave Lake.

6. Communications

Neither Territory well served.

Land line down Alaska Highway.

Land line to Inuvik.

Otherwise tropospheric scatter, single side band and
some micro-wave.

Anik will improve communications and provide live television
and radio services. Now some short wave radio services
and some frontier package TV stations.

7. Costs of Government and Revenues

a) Yukon

Est. 1972/73

Territorial expenditures

Operation and Maintenance \$ 25,511,022

Loan Amortization 1,967,000

Capital projects 10,265,000

Total \$ 37,743,022

Federal provincial-type expenditures

| | |
|---------------------------|---------------------|
| Operation and Maintenance | \$ 6,198,589 |
| Capital projects | <u>2,930,830</u> |
| Total | <u>\$ 9,129,419</u> |

Total provincial-type expenditures \$ 46,872,441

Territorial revenues

| | |
|---------------------------|----------------------|
| Operation and Maintenance | \$ 15,846,158 |
| Capital recoveries | 3,502,000 |
| Grants in lieu of taxes | <u>3,687,000</u> |
| Total | <u>\$ 23,035,158</u> |

Federal provincial-type decreased
revenues

| | |
|---------------------------|---------------------|
| Operation and Maintenance | (\$ 1,727,916) |
| Capital | <u>(2,750,000)</u> |
| Total | (\$ 4,477,916) |

Total provincial-type revenues \$ 18,557,442

Deficit as a province \$ 28,314,999

b) Northwest Territories Est. 1972/73

Territorial expenditures

| | |
|---------------------------|----------------------|
| Operation and Maintenance | \$ 81,895,000 |
| Loan Amortization | 3,352,000 |
| Capital Projects | <u>24,559,000</u> |
| Total | <u>\$109,806,000</u> |



(Northwest Territories - continued)

Est. 1972/73

Federal provincial-type expenditures

Operation and Maintenance \$ 12,790,174

Capital projects 13,491,869

Total \$ 26,282,043

Total provincial-type expenditures \$136,088,043

Territorial revenues

Operation and Maintenance \$ 23,710,000

Capital Project Recoveries 1,641,000

Grant in lieu of taxes 5,049,000

Total \$ 30,400,000

Federal provincial-type revenues

Operation and Maintenance \$ 9,174,792

Capital --

Total \$ 9,174,792

Total Provincial-type revenues \$ 39,574,792

Deficit as a province \$ 96,513,251

8. Potential Revenues

Approximate oil and gas royalties in 15-20 years
based on current rates and threshold production:

- | | |
|--------------------------------------|--------------|
| a) from Arctic Islands and offshore | \$33 million |
| b) from Mackenzie Delta and mainland | \$15 million |

N.B. Figures are based on a number of assumptions
and are only very approximate. They do,
however, show order of magnitude.

Approximate mining royalties in 15-20 years based
on current rates and increased number of mines - \$10,000,000
Longer range potential could raise oil and gas
royalties to more than \$1 billion.

9. Government Expenditures in the Territories

| | Est. 1972/73 <u>Thousands of dollars</u> |
|--|---|
| Gov't of N.W.T. | 95,291 |
| Indian Affairs & Northern Development | 50,935 |
| Gov't of Yukon | 39,721 |
| Transport | 28,108 |
| National Health & Welfare | 20,640 |
| Environment | 10,223 |
| Public Works | 9,163 |
| Energy, Mines & Resources | 8,236 |
| National Research Council | 7,759 |
| National Defence | 5,300 |
| Defence Research Board | 5,249 |
| R.C.M.P. | 5,044 |
| Post Office | 3,948 |
| Communication | 3,217 |
| C.B.C. | 1,701 |
| Manpower & Immigration | 1,541 |
| Other Depts. | 676 |
| | <hr/> |
| Total expenditures | <u>296,752</u> |

10. Voters per Elected Representative

N.W.T. (1970 Election)

10 Electoral Districts

1 - Keewatin - Won by Acclamation

Total No. Electors on lists for remaining 9 districts - 13,254

Total Vote - 9,169

% of those listed who voted - 69.2%

Number of votes per elected member - 1019

Yukon (1970 Election)

7 Electoral Districts

Total No. Electors on lists - 7,700

Total Vote - 5,152

% of those listed who voted - 66.9%

Number of votes per elected member - 736

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Questions for Consideration

- A. How should Territorial Government Evolve?
 - a) To provincial status?
 - b) Division of N.W.T.?
 - c) Extension of Provincial Boundaries?
 - d) Incorporation with provinces as economic regions?
 - e) Regional type government?

- B. What checks should be placed on non-renewable resource development?
 - a) To maintain balance between economic development, environmental protection and needs of people?
 - b) How can balance be measured?
 - c) What form of public participation is desirable?

- C. Native claims.
 - a) How should these be dealt with?
 - b) Can distinctions be made between Indian, Eskimo and Métis claims?
 - c) What about land claims?

- D. Coordination of Federal Departments.
 - a) How can federal expenditures contribute best towards northern objectives?
 - b) What measurement can be made of progress towards achievement of objectives?
 - c) What coordinating mechanism is most appropriate?

- E. Communications
 - a) What steps are needed to improve human communications?
 - b) What steps are needed to improve physical communications?
 - c) Should the communications infrastructure lead or follow development?



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Questions for Consideration

1. How should territorial government be organized?

- a) To provincial status?
- b) Division of powers?
- c) Extension of provincial jurisdiction?
- d) Integration with provinces?
- e) Regional type government?

2. What checks should be placed on non-territorial government?

- a) To maintain balance between economic development, environmental protection and needs of people?
- b) How can balance be maintained?
- c) What form of public participation is desirable?

3. Native claims

- a) How should claims be dealt with?
- b) Can distinctions be made between Indian, Métis and Native claims?
- c) What good land claims?

4. Coordination of Federal Government

- a) How can federal expenditure controls be used towards northern objectives?
- b) What arrangements can be made of progress towards achievement of objectives?
- c) What coordinating mechanism is most appropriate?

5. Communications

- a) What steps are needed to improve human communication?
- b) What steps are needed to improve physical communication?
- c) Should the communication infrastructure lead or follow development?